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Attorneys for AMERICAN CASUALTY COMPANY OF READING, PA; and NATIONAL
UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA – SAN FRANCISCO DIVISION

16 UNITED STATES of AMERICA for the Use
17 and Benefit of WEBCOR CONSTRUCTION,
18 INC. dba WEBCOR BUILDERS, and
19 WEBCOR CONSTRUCTION, INC. dba
WEBCOR BUILDERS,

Plaintiffs,

vs.

21 DICK/MORGANTI, a joint venture; DICK
22 CORPORATION; THE MORGANTI
23 GROUP; AMERICAN CASUALTY
24 COMPANY OF READING, PA;
25 NATIONAL UNION FIRE INSURANCE
26 COMPANY OF PITTSBURGH, PA, and
DOES 1 through 10, inclusive,

Defendants.

27 AND ALL RELATED COUNTER-CLAIMS
28 AND THIRD PARTY COMPLAINTS.

Case No.: 3:07-CV-02564-CRB

**STATUS CONFERENCE STATEMENT
BY DICK/MORGANTI; DICK
CORPORATION; THE MORGANTI
GROUP, INC.; AMERICAN CASUALTY
COMPANY OF READING, PA;
CONTINENTAL CASUALTY
COMPANY; AND NATIONAL UNION
FIRE INSURANCE COMPANY OF
PITTSBURGH, PA**

Hearing Date: February 22, 2007

Hearing Time: 10:00 a.m.

Location: Courtroom 8, 19th Floor

Judge: Hon. Charles R. Breyer

Defendants Dick/Morganti; Dick Corporation; Morganti Group, Inc.; and Continental Casualty Company; and Defendants and Third Party Complainants American Casualty Company of Reading, PA and National Union Fire Insurance Company of Pittsburgh, PA (collectively “D/M”) hereby submit the following Status Brief:

1. Performance Contracting, Inc. (“PCI”):

PCI’s February 20, 2008 Status Conference Statement and accompanying declaration essentially deal only with PCI’s alleged “unpaid contract balance of approximately \$3,005,018.00.” D/M’s position is that, because PCI only focuses on its alleged \$3 million balance, PCI implicitly concedes that most, if not all, of the remaining \$4.5 million of PCI’s \$7.5 million total claim involves owner-related items, i.e., claims related to D/M’s Global Claim.

D/M disputes the contract balance claim because it has valid back charges. PCI claims that numerous meetings have been held during which “PCI provided specific and voluminous documentation as to why D/M’s back charges had no merit... [and that] D/M voiced no disagreement with PCI’s presentation of facts.” (See PCI’s Status Conference Statement, page 3, lines 2-4.) These statements are, at best, inaccurate, because *D/M was not allowed to review the supposed supporting documents.* (See February 21, 2008 Declaration of D/M’s Project Manager, Vincent C. Petito, paragraphs 5 and 6, filed herewith.)

Indeed, PCI’s refusal to let D/M review this material and the relatively slow progress in negotiations and cooperation since the December 19, 2007 Status Conference have prevented a concrete agreement between D/M and PCI.

On December 21, 2007, D/M sent a letter to PCI to schedule a meeting to discuss resolution of PCI’s claims and cooperation between D/M and PCI regarding PCI’s portions of D/M’s Global Claim. On December 27, 2007, PCI sent D/M a letter suggesting a meeting in mid-January 2008, and on January 4, 2008, counsel for PCI contacted counsel for D/M and suggested January 23, 2008 as a meeting date. Ultimately, a meeting was held on January 24, 2008 between PCI and its counsel and consultants and D/M and its counsel and consultants.

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On February 21, 2008, a meeting was held between D/M and PCI officials to further discuss potential resolution of PCI's alleged subcontract balance, as well as PCI's pass-through claims. D/M's position is that the parties should be allowed more time to finalize an agreement.

2. Webcor Construction, Inc. ("Webcor"):

The Stay Order was dissolved with respect to three (3) of Webcor's six (6) unresolved change order requests ("COR's"), i.e., Webcor's COR's 63, 64, and 65. D/M filed a Motion to Dismiss and Motion for a More Definite Statement in response to the non-stayed COR's, and D/M and Webcor stipulated to continue the hearing on the Motions from February 22, 2008 to March 21, 2008. D/M proposed to Webcor that it draft an amended pleading which would render D/M's Motions moot and allow D/M to properly respond and/or counterclaim with respect to Webcor's non-stayed allegations. As of this filing, D/M has not received an amended pleading from Webcor.

3. Other Parties To This Action:

D/M is currently engaged in claim prosecution to the GSA, claim revisions/preparation, and/or final negotiations with respect Third Party Defendants Boyett Construction, Inc.; Marelich Mechanical Co., Inc.; Permasteelisa Group USA Holdings Corp. and its related entities; and Rosendin Electric, Inc.

Dated: February 21, 2008

PECKAR & ABRAMSON, P.C.

By: /s/ Rick W. Grady
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 Attorneys for DICK/MORGANTI; DICK CORPORATION; THE MORGANTI GROUP, INC.; AMERICAN CASUALTY COMPANY OF READING, PA; CONTINENTAL CASUALTY COMPANY; and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA